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12 sentenced in multi-million construction tax fraud case

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Twelve defendants from seven construction-related companies have been sentenced for employment tax fraud felonies and crimes related to hiring unauthorized workers in a scheme that saw at least \$15 million in bogus checks cashed.

The convictions are the first to come from a multi-year undercover investigation, led by the IRS and Homeland Security Investigations, in the Myrtle Beach area and along the South Carolina coast, according to a news release from the U.S. Attorney's Office for District of South

Carolina.

The operation targeted the use of unlicensed check cashers to facilitate under-the-table cash payments to employees, many of whom were unauthorized aliens. The check cashers would also provide certificates of insurance falsely stating that the employees were covered under workers' compensation insurance. These off-the-book payments defrauded the United States out of applicable employment taxes on the employees, according to the U.S. Attorney's office.

At least \$15 million in checks were cashed, resulting in millions of dollars of total losses to the government.

"These defendants stole money from South Carolina taxpayers, they stole opportunities from those in the construction industry who did the right thing, and they stole safety from the workers who labored on jobsites without insurance," U.S. Attorney Corey F. Ellis said in the release. "This successful prosecution was only possible because of the tireless and dedicated investigative efforts of IRS and HSI, as well as the work of our local partners. The defendants in this case, none of whom had criminal records before this investigation, are all now convicted felons.

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Several face potential deportation, several have lost their homes and face financial ruin, and many will never be able to return to the work they spent their lives pursuing."

Around 2019, IRS undercover agents embedded themselves in the Myrtle Beach area and recorded multiple interactions with the defendants' companies. The investigation found that a member of the construction company would meet with an unlicensed check casher and give the check casher a business check made out to a company the check casher had created. The check casher would give the construction company representative a bag of cash to pay the employees, holding back a fee of approximately 3 percent.

The check casher would also provide an invalid certificate of workers' compensation insurance, according to the release, with the check casher claiming to be a subcontractor who provided the employees and provided insurance.

"Criminals that exploit U.S. la-

bor and tax laws for profit take advantage of not only the workers, but they also steal revenue from the government, while also creating an unfair business advantage over their competitors," said Special Agent in Charge Ronnie Martinez, who oversees HSI operations in North Carolina and South Carolina. "Thanks to the great work done by our agents along with our state, local and federal partners, we were able to stop this criminal organization from defrauding the government and hurting the local economy."

Chief U.S. District Judge R. Bryan Harwell sentenced each of the defendants to five years' probation, with all but one sentenced to home confinement. Each defendant must also pay restitution.

The defendants received probation, the U.S. Attorney's office said, because they admitted guilt early, agreed to assist authorities and collectively paid nearly a million dollars toward the approximately \$3 million dollars owed to the IRS.

Each defendant previously pleaded guilty to one felony count of conspiracy to defraud the United

States and one misdemeanor count of unlawful employment of aliens.

The following defendants were sentenced in the case:

Daniel A. Lavoie, 49, of Conway: Five years' probation, 18 months home confinement with location monitoring, and \$293,402.50 in restitution

Enrique R. Reyes, 48, of Conway: Five years' probation, 18 months home confinement with location monitoring, and \$293,402.50 in restitution

Walter A. Duran, 46, of Myrtle Beach: Five years' probation, 21 months home confinement with location monitoring, and \$976,076.08 in restitution

Lisa Caulley Sellers, 57, of Myrtle Beach: Five years' probation, eight months home confinement with location monitoring, and \$488,038.04 in restitution

Ming Xue Nan, 52, of Myrtle Beach: Five years' probation, 14 months home confinement with location monitoring, and \$173,712.43 in restitution

Katherine L. Welker, 39, of Myrtle Beach: Five years' probation, eight months home confine-

ment with location monitoring, and \$173,712.43 in restitution

Josafa P. Neto, 43, of Myrtle Beach: Five years' probation, 18 months home confinement with location monitoring, and \$209,847.07 in restitution

Marylany Hardman Levino, 36, of Myrtle Beach: Five years' probation and \$209,847.07 in restitution

Saul Prieto, 56, of Myrtle Beach: Five years' probation, nine months home confinement with location monitoring, and \$74,868.50 in restitution

Martha E. Zarate, aka Martha E. Prieto, 54, of Myrtle Beach: Five years' probation, nine months home confinement with location monitoring, and \$74,868.50 in restitution

Marcos Caetano De Almeida, 45, of Myrtle Beach: Five years' probation, 21 months home confinement with location monitoring, and \$298,816.52 in restitution

Johanna A. Carpio, 38, of Myrtle Beach: Five years' probation, 14 months home confinement with location monitoring, and \$131,449.69 in restitution

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